

TEACHERS' RETIREMENT BOARD  
EXECUTIVE COMPENSATION COMMITTEE

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SUBJECT: Approval of Minutes of October 8, 1997 Meeting

ITEM NUMBER: 2

ATTACHMENT(S): 1

ACTION: X

DATE OF MEETING: August 5, 1998

INFORMATION: \_\_\_\_\_

PRESENTER(S): Chairperson

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Please see the attached minutes of the October 8, 1997 meeting of the Executive Compensation Committee.

PROPOSED  
MINUTES OF  
EXECUTIVE COMPENSATION COMMITTEE  
TEACHERS' RETIREMENT BOARD  
OPEN SESSION  
WEDNESDAY, OCTOBER 8, 1997  
STATE TEACHERS' RETIREMENT SYSTEM  
ROBYN D. MILLER BOARD ROOM  
7667 FOLSOM BOULEVARD  
SACRAMENTO, CALIFORNIA

**BOARD MEMBERS PRESENT**

Fred Buenrostro, Acting Chairperson

Yvonne Gallegos Bodle

Gary Lynes

Michael Mayer

Marty Mathiesen

Lillian Raffel

Emma Zink

Richard Whitmore, representing Superintendent of Public Instruction, Delaine Eastin

Ted White, representing State Treasurer, Matt Fong

Chris Waddell, representing the Director of Finance, Craig Brown

**STAFF PRESENT**

James D. Mosman, Chief Executive Officer

Ron Mealor, Staff Counsel

Elleen Okada, DCEO, Investments

Peggy Plett, DCEO, Administration

Mary Miles, Administrative Assistant

A quorum being present, acting Chairperson Buenrostro called the meeting to order at 3:45 p.m.

II. **APPROVAL OF MINUTES OF SEPTEMBER 10, 1997 MEETING**

MOTION duly made by Ms. Raffel, seconded by Ms. Zink, and carried to approve the minutes of the September 10, 1997 meeting.

III. **ANNOUNCEMENTS**

There were no announcements.

IV. **CHIEF INVESTMENT OFFICER PERFORMANCE CRITERIA**

Mr. Mosman distributed additional information on proposed performance criteria which included a back-test of the criteria based on TUCS universe and strategic targets. Discussion ensued.

MOTION duly made by Mr. Whitmore, seconded by Ms. Zink to recommend to the Board the adoption of the performance criteria and incentive plan for the Chief Investment Officer for a 20% bonus based on three components: Strategic targets (40%) using the numbers as calculated by the general consultant (PCA); peer group (30%) which consists of TUCS funds over \$1 billion; and qualitative measures (30%). A maximum multiplier of 1.5 would be used to calculate strategic target and peer group measurements. After the first year, performance shall be calculated on a 50-50 basis. The CIO's initial year's performance would be calculated on a one-year basis. The second year would be calculated 50% on one-year and 50% on a two-year basis. The third year calculation would be 50% on a one-year basis and 50% on a three-year basis. Motion carried. Mr. Buenrostro abstained.

V. **OPPORTUNITY FOR STATEMENTS FROM THE PUBLIC**

There were no statements.

VI. **ADJOURNMENT**

The Committee was adjourned at 4:22 p.m.

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James D. Mosman, Chief Executive Officer  
and Secretary to the Teachers' Retirement Board

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Fred Buenrostro, Acting Chairperson